



Billing Code 4210-67

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5843-N-12]

Privacy Act of 1974; Notice of a Computer Matching Program

Between the U.S. Department of Housing and Urban Development (HUD) and the

U.S. Small Business Administration (SBA)

AGENCY: Office of Administration, HUD.

ACTION: Notice of a Computer Matching Program between U.S Department of Housing Urban and Development and the U.S Small Business Administration (SBA).

SUMMARY: In accordance with the Privacy Act of 1974 (5 U.S.C. 552a), as amended by the Computer Matching and Privacy Protection Act of 1988 (Public Law 100-503), and the Office of Management and Budget (OMB) Guidelines on the Conduct of Matching Programs (54 FR 25818 (June 19, 1989); and OMB Bulletin 89-22, "Instructions on Reporting Computer Matching Programs to the Office of Management and Budget (OMB), Congress and the Public," HUD is issuing a public notice of its intent to conduct a recurring computer matching program with SBA for the purpose of incorporating SBA debtor files into the Credit Alert Verification Reporting System (CAIVRS), which is a HUD computer information system.

DATES: Effective Date: The effective date of the matching program shall begin **[Insert 30 days from publication of this notice in the Federal Register]**, or at least 40 days from the date that copies of the Computer Matching Agreement, signed by both HUD and SBA Data Integrity Boards (DIBs), are sent to OMB and Congress, whichever is later, provided that no comments that would result in a contrary determination are received.

Comments Due Date: **[Insert date 30 days after publication of this notice in the Federal Register]**.

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Rules Docket Clerk, Office of General Counsel, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW Room 10110, Washington, DC 20410. Communications should refer to the above docket number and title. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT:

The “Recipient Agency,” Acting Departmental Privacy Officer, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410-0001; telephone number 202 402-6147, or the “Source Agency” U.S. Small Business Administration, 409 Third Street SW., Suite 8300, Washington, DC, telephone number 202-205-7736. (These are not a toll-free numbers). Persons who are deaf or hard hard hearing and person with speech impairments can assess these numbers through TTY by calling the Federal Relay Service at 800 877-8339 (This is a toll free number).

SUPPLEMENTAL INFORMATION:

HUD’s CAIVRS database includes delinquent debt information from the U.S Departments of Veteran’s Affairs (VA), Education (ED), Justice (DOJ), Agriculture (USDA) and the Small Business Administration (SBA). This data match will allow the prescreening of applicants for Federal direct loans or federally guaranteed loans, for the purpose of determining the applicant’s credit worthiness, by ascertaining whether the applicant is delinquent or in default

on a loan owed directly to, or federally guaranteed by, the Federal Government. Lending Federal agencies and authorized private lending institutions will be able to use the CAIVRS debtor file to verify that the loan applicant is not in default, or delinquent on a Federal direct or federally guaranteed loan, prior to granting the applicant a loan. The CAIVRS database contains Personally Identifiable Information (PII) contributed by participating Federal agencies, including Social Security numbers (SSNs) and other records of borrowers delinquent or in default on debts owed to, or guaranteed by HUD and other Federal agencies. Authorized users may not deny, terminate, or make a final decision concerning any loan assistance to an applicant or take other adverse action against such applicant based on the information produced by data matches conducted under CAIVRS, until such authorized users have independently verified such adverse information.

REPORTING OF MATCHING PROGRAM:

In accordance with Public Law 100-503, the Computer Matching and Privacy Protection Act of 1988 as amended, and OMB Bulletin 89-22, "Instructions on Reporting Computer Matching Programs to the Office of Management and Budget (OMB), Congress and the Public," copies of this notice and report are being provided to the U.S. House Committee on Oversight Government Reform, the U.S. Senate Homeland Security and Governmental Affairs Committee, and OMB.

AUTHORITY:

HUD has authority to collect and review mortgage data pursuant to the National Housing Act, as amended, 12 U.S.C. 1701 *et seq.*, and related laws. This computer matching will be conducted pursuant to Public Law 100-503, "The Computer Matching and Privacy Protection

Act of 1988,” as amended, and OMB Circulars A-129 (Managing Federal Credit Programs). One of the purposes of all Executive departments and agencies is to implement efficient management practices for Federal credit programs. OMB Circular A-129 was issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Act of 1950, as amended; the Debt Collection Act of 1982, as amended by the Debt Collection Improvement Act of 1996; section 2653 of Public Law 98-369; the Federal Credit Reform Act of 1990, as amended; the Federal Debt Collection Procedures Act of 1990, the Chief Financial Officers Act of 1990, as amended; Executive Order 8248; the Cash Management Improvement Act Amendments of 1992; and preexisting common law authority to charge interest on debts and to offset payments to collect debts administratively.

OBJECTIVES TO BE MET BY THE MATCHING PROGRAM:

The objective of this matching program is to give program agencies access to a system that allows them to prescreen applicants for loans made or loans guaranteed by the Federal Government, to ascertain if the applicant is delinquent in paying a debt owed to or guaranteed by the Federal Government. As part of this process, HUD will be provided access to SBA’s debtor data, for prescreening purposes.

The use of CAIVRS will allow HUD to better monitor its credit programs and to reduce the credit extended to individuals with outstanding delinquencies on debts owed to HUD and other Federal agencies. SBA expects to achieve savings through risk reduction and debt recovery. By the very nature of debt prevention, expected savings must be the subject of some assumptions, including the anticipated behavior of the matching subjects. SBA also participates in CAIVRS as a cooperative effort in a Governmentwide credit plan that may benefit other

agencies as much, if not more, than SBA.

Under this computer matching program, HUD/CAIVRS receives limited information on borrowers who have defaulted on loans administered by participating Federal agencies each month. The information includes: Borrower ID Number - The Social Security Number (SSN), Employer Identification Number (EIN) or Taxpayer Identification Number (TIN) of the borrower on a delinquent or defaulted Federal direct loan or federally guaranteed loan. Federal agency personnel and authorized lenders must enter a user authorization code followed by either an SSN or EIN to access CAIVRS. Only the following information is returned or displayed:

- Yes/No as to whether the holder of that SSN/EIN is in default on a Federal loan; and
- If Yes, then CAIVRS provides to the lender:
 - Loan case number;
 - Record type (claim, default, foreclosure, or judgment);
 - Agency administering the loan program;
 - Phone number at the applicable Federal agency (to call to clear up the default);
 - and
 - Confirmation code associated with the query.

Federal law mandates the suspension of the processing of applications for Federal credit benefits (such as Government-insured loans) if the applicants are delinquent on Federal or federally guaranteed debt. Processing may continue only after the borrower satisfactorily resolves the debt (e.g., pays in full or renegotiates a new payment plan). To remove a CAIVRS sanction, the borrower must contact the Federal agency that reported their SSN or EIN to

HUD/CAIVRS, using the information provided.

RECORDS TO BE MATCHED:

HUD will use records from the Single Family Default Monitoring System (SFDMS/F42D) (72 FR 65350, November 20, 2007, and Single Family Insurance System - Claims Subsystem, CLAIMS, A43C (79 FR 10825, February 26, 2014), as combined in CAIVRS to provide an up-to-date dataset to be used in records matching. SFDMS maintains data on mortgages that are 90 or more days delinquent. The mortgagee or servicer must submit a Monthly Delinquent Loan Report (form HUD-92068-A) to HUD on a monthly basis until the mortgage status has been completed by all mortgagees, or is otherwise terminated or deleted. Mortgagees and servicers provide default data to HUD via the Electronic Data Interchange (EDI) or using the Internet via FHA Connection, through which the data is sorted, prescreened, key entered, edited, and otherwise processed. Reports are generated for HUD Headquarters and field offices to review.

CLAIMS provides automated receipt, tracking, and processing of form HUD-27011, "Single Family Application for Insurance Benefits." CLAIMS provides online update and inquiry capability to Single Family Insurance and Claims databases, and to cumulative history files. Claims payments are made by Electronic Funds Transfer (EFT), via a Hitachi Data Systems (HDS) platform (IBM mainframe/Treasury interface), on a daily basis.

For the actual data match, SBA will use records from the system of records entitled Disaster Loan Case File (SBA 20) and the Loan System (SBA 21).

NOTICE PROCEDURES:

HUD and SBA have separate procedures for notifying individuals that their records will be matched to determine whether they are delinquent or in default on a Federal debt. HUD will notify individuals at the time of application for a HUD/FHA mortgage, and SBA will notify individuals at the time of application for SBA loan services. SBA may disclose information from the applications to other Federal agencies under a published “routine use,” without the applicants’ consent, as permitted by law.

HUD and SBA published notices concerning routine use disclosures in the Federal Register to inform individuals that a computer match may be performed to determine a loan applicant’s credit status with the Federal Government. The Privacy Act also requires that a copy of each computer matching agreement entered into with a recipient agency shall be available, upon request, to the public.

CATEGORIES OF RECORDS/INDIVIDUALS INVOLVED:

Data elements disclosed in computer matching governed by this Agreement are PII from the specified SBA system of record. The data elements supplied by SBA to CAIVRS are the following:

- Borrower ID Number - The SSN, EIN, or TIN of the borrower on a delinquent or defaulted Federal direct loan or Federally guaranteed loan.
- Case Number - A reference number issued by the reporting agency for the delinquent or defaulted Federal direct loan or federally guaranteed loan.
- Agency Code - A code assigned to the reporting agency.
- Type Code - A code that indicates the type of record claim, default, foreclosure, or judgment.

- Borrower ID Type - A code that indicates whether the Borrower ID Number is a SSN, an EIN, or a TIN.

PERIOD OF THE MATCH:

Matching will begin at least 40 days from the date that copies of the computer, matching agreement, signed by HUD and SBA Data Integrity Boards, are sent to both Houses of Congress and to OMB or at least 30 days from the date this notice is published in the Federal Register, whichever is later, provided that no comments that would result in a contrary determination are received. The matching program will be in effect and continue for 18 months, with an option to renew for 12 additional months, unless one of the Parties to the Agreement advises the other in writing to terminate or modify the Agreement.

Dated: December 28, 2015.

Patricia A. Hoban-Moore
Chief Administrative Officer

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